

BARCLAYS PLC

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS

HELD AT 1 CHURCHILL PLACE, LONDON E14 5HP

ON TUESDAY 16 SEPTEMBER 2008

Present:

Marcus Agius* - Chairman

David Booth*

Sir Richard Broadbent*

Fulvio Conti*

Bob Diamond*

Chris Lucas*

Sir Nigel Rudd*

Frits Seegers*

Sir John Sunderland*

John Varley*

Patience Wheatcroft*

In Attendance:

Lawrence Dickinson Company Secretary

Patrick Gonsalves Deputy Secretary

Mark Harding Group General Counsel

Joanna Baker Barclays Corporate Development

Robert le Blanc Barclays Capital

Dan Meredith Jones CFO, Western Europe

Rich Ricci Barclays Capital

Judith Shepherd General Counsel, GRCB

* By conference call

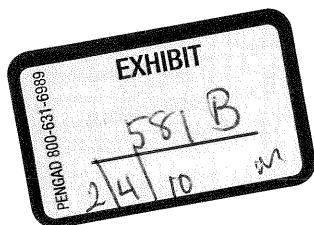
Apologies:

Leigh Clifford

Sir Andrew Likierman

Sir Michael Rake

Stephen Russell



PROJECT LONG ISLAND

1. INTRODUCTION

John Varley reported to the Board that the possibility of acquiring the Project Long Island (Lehman) broker/dealer business in the US for \$250 million was now being investigated. As Lehman had now been put into Chapter 11 bankruptcy, the transaction would require the approval of the bankruptcy courts.

2. PROPOSED TRANSACTION

The proposal was for Barclays to negotiate with Lehman management to acquire the US broker/dealer business which had a gross balance sheet of \$75 billion and Weighted Risk Assets of \$13 billion. The transaction created \$2 billion of negative goodwill. Barclays would separately buy the New York Head Office premises and two data centres. The intention was also to issue up to £600 million of ordinary shares of Barclays to support the transaction and to improve the Group's Equity Ratio. The assets being acquired were good quality. A meeting would be held with the FSA to obtain confirmation of their non-objection.

3. BUSINESS BEING ACQUIRED

The US broker/dealer business employed around 8-10,000 people. It would not include the US Asset Management and Wealth Management businesses or the commercial property assets. It did include the Private Equity business. This would provide Barclays Capital with US licenses and clearances that it did not currently possess. The assets acquired had been marked to market by Barclays Capital to confirm the valuation. The balance sheet acquired consisted of \$45 billion of liquid assets and \$30 billion of less liquid assets. The business, under its previous ownership structure, had an income run rate of \$5 billion per annum. It was noted, however, that we were not taking the assignment of any open contractual arrangements or income stream. The combined business would employ 24,000 people but that would be reduced following integration.

4. CAPITAL

The transaction created post-tax negative goodwill of \$2 billion which would result in an Equity Ratio, on the FSA's calculation basis, of 5.96%, which could be improved further by a capital raising. A number of investors had expressed an interest in providing financial backing to the transaction. The Board discussed the structuring and timing of a possible under-writing to the key investors.

5. RETENTION OF LEHMAN STAFF

An 'in principle' agreement had been reached with Lehman's US senior leadership team on the bonus arrangements, subject to approval of the proposals by the Board HR and Remuneration Committee.

The Board discussed the risk of an interloper and of the transaction not receiving the approval of the US bankruptcy court. It would be very important for the court decision to be received very quickly. It was hoped that a brief announcement would be issued to the market shortly.

The Board approved, in principle, the acquisition of the Lehman's US based broker/dealer business and associated operating assets, as well as the issuance of shares to increase the Group's capital ratios in the most cost-effective way that did not result in a sizeable overhang of Barclays shares. A meeting of the Board Finance Committee would be held to give final approval to the transaction.